



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6e

ACTION ITEM

Date of Meeting July 10, 2018

DATE: June 22, 2018

TO: Stephen P. Metruck, Executive Director

FROM: Wendy Reiter, Director, Aviation Security
Wayne Grotheer, Director, Aviation Project Management Group

SUBJECT: Airfield Operations Area (AOA) Perimeter Fence Line Standards Compliance
(CIP #C800842)

Amount of this request: \$1,255,000

Total estimated project cost: \$6,935,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to increase the Airfield Operations Area Perimeter Fence Line Standards Compliance project scope and budget by \$1,255,000 for a revised total project cost of \$6,935,000.

EXECUTIVE SUMMARY

This project will ensure that the primary barriers into the secured areas of the airport provide a high level of deterrence and comply with the current security standards, which is critical to safe and efficient airport operations. Specifically, it will replace all remaining seven-foot AOA perimeter fence sections and associated gates with twelve-foot fence and one-foot of barbed wire at the top, consistent with the standards agreed to with the Transportation Security Administration (TSA) and incorporated into the Airport Security Plan. In addition, Gate E-105, next to the Airport Rescue and Firefighting Facility, will be replaced with a more secure and faster gate operator to shorten response time by the Fire Department.

Commission authorization was obtained on June 13, 2017, to design, advertise and execute a construction contract for the project. The cost estimate was updated based on the advancement of the design to final design and the modified agreements signed in September 2017 between the Port and the TSA. The current cost estimate is approximately \$1.3 million more than the previous estimate and the primary reasons for the increase are additional items identified during design. The additional scope items include non-climbable fence for areas identified by Security, the installation of faster gate operating system at AOA access gate E-160, the replacement of related AOA access gates, and the installation of security camera system.

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The project was presented at the Airline Airport Affairs Committee (AAAC) meeting on May 18, 2017, and received a positive majority-in-interest (MII) vote in September 2017. Since this time, the Port has worked with the Federal Aviation Administration (FAA) to secure a FAA Airport Improvement Program (AIP) grant for a portion of the project. Consequently, an additional MII vote is not needed as the airline rate based costs will likely be lower than the original approval. Since this will be an AIP funded project, the Port will include goals for Disadvantaged Business Enterprises (DBEs).

JUSTIFICATION

The Airport Operations Area (AOA) perimeter fence line is the primary physical barrier into the secured areas of commercial airports. Over the past years, other airports have experienced several nationally recognized breaches in security that included accessing the AOA by climbing over a perimeter fence. Seattle-Tacoma International Airport has also experienced this type of trespass. There is a recognized need to improve security by increasing the level of difficulty for unauthorized access through the AOA perimeter fence.

After the event of 9/11, the Port of Seattle established a minimum fence height of twelve feet for the AOA perimeter fence wherever permissible by the Federal Aviation Administration (FAA). Portions of the perimeter fence have been replaced with the twelve foot fence over time as construction projects moved fence lines. However, there are still areas with shorter fence that need to be upgraded.

Agreements were signed in September 2017 between the Port and the Transportation Security Administration (TSA). As required in the agreements, non-climbable fence needs to be installed for areas having higher potential for intrusion such as adjacent to roadways or where buildings are present.

DETAILS

Primary reasons for the cost increase are additional items identified during design including (1) the installation of non-climbable fence for areas with a higher potential of intrusion such as adjacent to roadways or where buildings are present, based on the modified agreement between the Port and the TSA; (2) the installation of faster gate operating system for AOA access gate E-160 to standardize gate operating device for higher operating speed and reliability; (3) the replacement of related AOA access gates including E-165, E-170, E-175, E-145, E-100, E-160, W-45, E-105, E-150, E-155 and E-180 and (4) the installation of security camera system for identified AOA access gates by Security to comply with the current airport security requirements.

Scope of Work

- (1) Replace approximately 8,100 linear feet of seven-foot AOA perimeter fence with twelve-foot fence plus one foot of barbed wire at the top. Approximately 6,500 linear feet out of the 8,100 linear feet of fence will be replaced with non-climbable fence.

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- (2) Replace affected AOA access gates including E-165, E-170, E-175, E-145, E-100, E-160, W-45, E-105, E-150, E-155 and E-180.
- (3) Install faster gate operating system for AOA access gates E-105 and E-160.
- (4) Install security camera system for E-100, E-105, E-160 and E-180.

Schedule

Commission design & construction authorization	2017 Quarter 2
Commission added scope & budget authorization	2018 Quarter 3
Construction start	2019 Quarter 1
In-use date	2019 Quarter 3

Cost Breakdown

	This Request	Total Project
Design	\$0	\$1,120,000
Construction	\$1,255,000	\$5,815,000
Total	\$1,255,000	\$6,935,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Only include the project scope obtained by Commission authorization on June 13, 2017.

Cost Implications: \$5,680,000

Pros:

- (1) No additional cost.

Cons:

- (1) Continued use of the substandard AOA access gates presents risks of unauthorized access to the restricted areas.
- (2) Not in full compliance with the Airport Security plan or modified agreement between the Port and TSA for the standard of non-climbable AOA perimeter fence for areas with a higher potential of intrusion.

This is not the recommended alternative.

Alternative 2 – Replace all identified substandard AOA perimeter fence and access gates. Install non-climbable fence for identified areas with a higher potential of intrusion.

Cost Implications: \$6,935,000

Pros:

- (1) Fully comply with the Airport Security plan and the modified agreement between the Port and TSA.

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- (2) Improve airport security by installing twelve-foot AOA fence and access gates around the perimeter wherever permissible.
- (3) Replacement of emergency access gate E-105 with faster operating system will help to shorten Fire Department response time.
- (4) Installation of faster gate operating system for gate E-160 helps with standardizing gate operating device for higher operating speed and reliability to enhance both security and efficiency.

Cons:

- (1) Additional capital spending.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$3,993,000	\$0	\$3,993,000
Previous changes – net	\$1,687,000	\$0	\$1,687,000
Current change	\$1,255,000	\$0	\$1,255,000
Revised estimate	\$6,935,000	\$0	\$6,935,000
AUTHORIZATION			
Previous authorizations	\$5,680,000	\$0	\$5,680,000
Current request for authorization	\$1,255,000	\$0	\$1,255,000
Total authorizations, including this request	\$6,935,000	\$0	\$6,935,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

The Airfield Operations Area (AOA) Perimeter Fence CIP #C800842 was included in the 2018-2022 capital budget and plan of finance as a business plan prospective with a total capital budget of \$5,680,000. The cost increase of \$1,255,000 was transferred from the Aeronautical Allowance (CIP #C800753), resulting in no net change to the capital budget. An FAA grant application will be submitted with anticipated eligible amount of \$3.7 million. This project was approved at an amount of \$5,680,000 by the airlines through a majority-in-interest (MII) vote in September 2017. The increased cost of scope changes will be offset with AIP grant funding source so that it will not require an additional MII vote. The project will also be funded with the Airport Development Fund and revenue bonds.

Financial Analysis and Summary

Project cost for analysis	\$3,235,000 rate base cost
Business Unit (BU)	Airfield Movement Area
Effect on business performance	NOI after depreciation will increase

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(NOI after depreciation)	
IRR/NPV (if relevant)	N/A
CPE Impact	\$0.01 in 2020

Future Revenues and Expenses (Total cost of ownership)

Annual Operating and Maintenance costs are not anticipated to change appreciably. The estimated life expectancy for this project is 20 years for perimeter fence and access gates.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

June 6, 2017 – The Commission authorized \$5,660,000 to design and prepare construction documents for the enhancement of Airport Operations Area (AOA) perimeter fence and access gate E-105 at the Seattle-Tacoma International Airport; and advertise and execute a construction contract for the AOA Perimeter Fence Line Standards Compliance project at Seattle-Tacoma International Airport.